

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN
PENSION BOARD MEETING
Tuesday, November 9, 2010
10:00 a.m.
CITY HALL
Pension Office Conference Room
REGULAR AGENDA

PAGE

R-1 Deferred Items -

- A. IRS Code Sec. 415

R-2 New Items

- A. GRS Invoice 111633 for approval 83
B. Request Board Attorney opinion 86
C. VCP Submission update 89

R-3 Other Business

- A. Administrator's Report

R-4 Quarterly Investment Reports

- A. Bill Cottle, Milliman Inc. - Quarterly Report
(Separate Distribution)
B. Equity manager presentations.
(Separate Distribution)

R-5 For Your Information

- A. 2010 Educational Seminars update 91
B. Miami Beach DROP list 92

REGULAR AGENDA
November 9, 2010
PAGE 2

IN ACCORDANCE WITH THE AMERICANS WITH DISABILITY ACT OF 1990, PERSONS NEEDING A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING SHOULD CONTACT THE PENSION OFFICE NO LATER THAN FOUR DAYS PRIOR TO THE PROCEEDING. TELEPHONE (305) 673-7437 FOR ASSISTANCE; IF HEARING IMPAIRED, TELEPHONE THE FLORIDA RELAY SERVICE NUMBERS (800) 955-8771 (TDD) OR (800) 955-8770 (VOICE), FOR ASSISTANCE.

IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED A THIS MEETING, HE WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE HE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. FLORIDA STATUTES 286.0105

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATIONS MEDIA TECHNOLOGY, SPECIFICALLY A TELEPHONE CONFERENCE CALL. THE ABOVE LOCATION, WHICH IS ORDINARILY OPEN TO THE PUBLIC, SHALL SERVE AS AN ACCESS POINT. PERSONS WISHING TO ATTEND SHOULD APPEAR AT THE ACCESS POINT, WHERE TELEPHONIC ACCESS TO THE MEETING WILL BE PROVIDED.

From: Rivera, Rick [mailto:RickRivera@miamibeachfl.gov]
Sent: Tuesday, October 19, 2010 2:59 PM
To: Palmquist, Steve (FLP1)
Subject: RE: invoice

Steve,

I went back to the August board minutes and realized the Board deferred payment of this invoice. They had several questions with regards to this bill. I believe you had mentioned that this invoice dealt with the macro programming of the 415 limits into the GRS computer system. The questions the Board had are as follows:

1. Why the portion of invoice #111633 dealing with 415 limits was not already included in invoice #111282 #2 since 415 limits are charged on a per-person basis.
2. On invoice #111633, please provide detail on the certain items that were added to the valuation report

Thanks,

Rick

MIAMIBEACH

Rick Rivera, Pension Administrator

MIAMI BEACH EMPLOYEES' RETIREMENT PLAN

1700 Convention Center Drive

Miami Beach, FL 33139

Direct: 305-673-7000 ext. 6573

Fax: 305-673-7297

rickrivera@miamibeachfl.gov

From: Steve.Palmquist@gabrielroeder.com [mailto:Steve.Palmquist@gabrielroeder.com]

Sent: Tuesday, October 19, 2010 3:51 PM

To: Rivera, Rick

Subject: RE: invoice

The earlier invoice (111282) covered time spent on calculating 415 limits for individual retirees and preparing the list of retirees going back to 2006.

Invoice 111633 covered some but not all of the time for programming our valuation software to take into account the 415 limits for funding purposes on a prospective basis. Our revised actuarial report reflected the revised programming and caused the City contribution to decrease by about \$750,000.

The items added to our annual report are as follows:

1. Page 1- the cost is shown as % of non DROP payroll and total payroll.
2. Page 2- more detail on the actuarial gains by source.
3. Page 16- added right hand column and the average contribution rates at the bottom of the table.

Let us know if you have any other questions.

REGULAR AGENDA

R-1 Deferred Items -

- A. IRS Code Sec. 415 by Gabriel Roeder Smith, Inc. - This item continued to remain deferred.

R-2 New Items -

- A. Goldstein Schechter Koch (GSK) Engagement letter - The Board reviewed the Engagement Letter dated May 18, 2010 from GSK. A discussion ensued regarding the proposed fee increase for this year's engagement. The Administrator said that this would be GSK's 4th engagement. Based on the 25% audit fee increase from year 1 to year 2 the Board decided to cap the audit fee at \$25,000, the same as year 2 & last year's fee.
- B. I.T. PC Replacement breakdown - The Administrator explained that City Hall departments were all on a PC & Laptop replacement schedule. He said that the \$2,706.38 I.T. department invoice was for his laptop replacement. Ms. Fernandez suggested to the Administrator that he proceed with the laptop upgrade and make this his desktop by adding a docking station. The Administrator agreed with Ms. Fernandez's suggestion and said that he would contact the I.T. department to begin this process since he already had a docking station for his laptop computer.
- C. Gabriel Roeder Smith (GRS) Invoices breakdown - The Administrator provided the Board a copy of the GRS contract which detailed the cost of each individual 415 calculation at \$240. A discussion ensued. It was decided that GRS invoice #111282 for the amount of \$5,502 be approved as presented. A discussion ensued regarding GRS invoice #111633 for the amount of \$13,276. The Administrator was instructed to ask GRS why the portion of this bill dealing with 415 limits was not included as part of an individual's 415 calculation from GRS invoice #111282. The Administrator was requested to obtain an itemization of the additional items included in the Valuation Report that had been requested by the Board.
- D. Joyce Davis repayment update - The Administrator reported that a \$5000 check had been received by the pension office. He stated that the office had also received payment #1 of the amortization schedule provided to Ms. Davis and her attorney. There was no other information regarding this matter.



Gabriel Roeder Smith & Company
Consultants & Actuaries
One East Broward Blvd.
Suite 505
Ft. Lauderdale, Florida 33301-1872
(954) 527-1616

Invoice

| Date | Invoice # |
|-----------|-----------|
| 5/13/2010 | 111633 |

| Bill To: | Please Remit To: |
|--|---|
| CITY OF MIAMI BEACH EMPLOYEES RETIREMENT SYSTEM | Dept. # 78009 Gabriel Roeder Smith & Company PO Box 78000 Detroit, Michigan 48278-0009 |

Mr. Rick Rivera
Pension Administrator
City of Miami Beach
1700 Convention Center Drive
Miami Beach, Florida 33139

OR
ACH Payment to:
Gabriel Roeder Smith & Company
JPMorgan Chase, ABA #: 072000326
Account #: 0486723

| Description | Project # | Amount |
|--|------------|----------|
| For services rendered through 4/30/2010. | | |
| Revision of Annual Actuarial Valuation Report to take into account the effect of IRS Code Section 415 limits as well as <u>adding certain additional items to the Report</u> , as requested by the Board; extensive programming and testing was needed to incorporate the 415 limits into our valuation software but the full amount of this programming is not being charged to the System. | 100300-041 | \$13,276 |
| Invoice Total | | \$13,276 |
| Paid to Date | | |
| Amount Due | | \$13,276 |

Client No. 100300

PLEASE INDICATE THE INVOICE NUMBER ON YOUR REMITTANCE. THANK YOU.

request for Attorney's Opinion
Ord. 2006-3504

compensation allowances such as uniform allowances. Notwithstanding the foregoing, in the case of any Member who is in a classification within the CWA bargaining unit who entered service with the City prior to February 21, 1994 as a Classified Employee, and who was continuously a member of the Classified System from that date until the effective date of this Ordinance, "Earnings" shall include overtime pay up to a maximum of ten percent (10%) above the Member's highest pensionable earnings each year. Earnings in excess of the limitations set forth in Section 401(a)(17) of the Internal Revenue Code, and regulations promulgated thereunder, shall be disregarded, and no member contributions shall be required on any such excess. The definition of Earnings in the preceding sentence shall apply to Employees in classifications within the AFSCME bargaining unit who entered the service of the City prior to April 30, 1993 and to employees in classifications within the GSA bargaining unit who entered the service of the City prior to August 1, 1993, and who were Members of the Classified Plan continuously from that date until the effective date of this Ordinance, upon the ratification of a collective bargaining agreement that contains such definition.

2.12 "Elected Officials" means the Mayor, and the members of the City Commission of the City of Miami Beach.

2.13 "Employee" means any person employed by the City on a regular basis who is receiving compensation from the City for personal services, exclusive of the following groups and classifications:

- (a) Persons whose services are compensated on a contractual basis.
- (b) Persons employed on a provisional, original probationary or other temporary basis.
- (c) Members of boards or commissions, officers, or employees receiving no salary or a nominal salary on a fee basis.
- (d) Members of the City Pension Fund for Firemen and Policemen or the City Supplemental Pension Fund for Firemen and Policemen in the City of Miami Beach.
- (e) Persons whose regular employment with the City is for less than thirty (30) hours per week. Provided, however, all persons who were on the membership rolls of the Classified System as of August 31, 1992 and became Members of this Plan on the effective date of this Ordinance, whose regular employment is for less than thirty (30) hours per week may continue as Members of this Plan.

"Employee" also means any person employed on a regular basis for thirty (30) or more hours per week by the Miami Beach Visitor and Convention Authority, this Retirement Plan, the Classified Plan, the Unclassified Plan or the City Pension Fund for Firemen and Policemen.

Ord. 2010-3693

(b) Notwithstanding section 2.14(a) above, for any Member who is in a classification within the AFSCME or GSA bargaining units, and for any Unclassified or "Other" Member, effective September 30, 2010 "Final Average Monthly Earnings" means:

1. For those Members who as of September 30, 2010 have attained normal retirement age or are within 24 months from normal retirement age, "Final Average Monthly Earnings" shall have the same meaning as in section 2.14(a) above.
2. For those Members who as of September 30, 2010 are between 24 and 36 months from normal retirement age, "Final Average Monthly Earnings" means one-twelfth (1/12) of the average annual earnings of the Member during the three (3) highest paid years of creditable service.
3. For those Members who as of September 30, 2010 are between 36 and 48 months from normal retirement age, "Final Average Monthly Earnings" means one-twelfth (1/12) of the average annual earnings of the Member during the four (4) highest paid years of creditable service.
4. For those Members who as of September 30, 2010 are more than 48 months from normal retirement age, "Final Average Monthly Earnings" means one-twelfth (1/12) of the average annual earnings of the employee during the five (5) highest paid years of creditable service.

Section 2. Section 6.02 of the Miami Beach Employees' Retirement Plan created by Ordinance 2006-3504, as subsequently amended, is amended to read:

6.02 Contributions by Members

(a) Each Member shall contribute to the Plan eight percent (8%) of earnings, except as otherwise provided in this Section 6.02. Notwithstanding the preceding sentence, effective July 14, 2010, each Member in a classification within the AFSCME and GSA bargaining units, and each Unclassified and "Other" Member, shall contribute to the Plan ten percent (10%) of earnings, except as otherwise provided in this Section 6.02. The contributions made by each Member to the Plan shall be deducted from the Member's Earnings and designated as Employer contributions pursuant to section 414(h) of the Internal Revenue Code. Such designation is contingent upon the contributions being excluded from the Members' gross income for Federal Income Tax purposes. For all other purposes of the Plan, such contributions shall be considered to be Member contributions.

(b) Notwithstanding subsection (a) above, all persons entering service with the City prior to April 1, 1993 who are in the classifications within the AFSCME bargaining unit;

CWA Ord. 1st Reading

of the average annual earnings of the Member during the four (4) highest paid years of creditable service.

4. For those Members who as of September 30, 2010 are more than 48 months from normal retirement age, "Final Average Monthly Earnings" means one-twelfth (1/12) of the average annual earnings of the employee during the five (5) highest paid years of creditable service.

Section 2. Section 6.02 of the Miami Beach Employees' Retirement Plan created by Ordinance 2006-3504, as subsequently amended, is amended to read:

6.02 Contributions by Members

(a) Each Member shall contribute to the Plan eight percent (8%) of earnings, except as otherwise provided in this Section 6.02. Notwithstanding the preceding sentence, effective July 14, 2010, each Member in a classification within the AFSCME and GSA bargaining units, and each Unclassified and "Other" Member, shall contribute to the Plan ten percent (10%) of earnings, except as otherwise provided in this Section 6.02. Notwithstanding the first sentence of this subsection (a), effective November 27, 2010, each Member in a classification within the CWA (MBEBA) bargaining unit shall contribute to the Plan ten percent (10%) of earnings, except as otherwise provided in this Section 6.02., and contingent on State approval of an actuarial impact statement confirming a reduction in the City's annual required pension contribution for FY 2010-2011 associated with the pension changes contained in the 2009-2012 collective CWA collective bargaining agreement of at least \$1,000,050. The contributions made by each Member to the Plan shall be deducted from the Member's Earnings and designated as Employer contributions pursuant to section 414(h) of the Internal Revenue Code. Such designation is contingent upon the contributions being excluded from the Members' gross income for Federal Income Tax purposes. For all other purposes of the Plan, such contributions shall be considered to be Member contributions.

(b) Notwithstanding subsection (a) above, all persons entering service with the City prior to April 1, 1993 who are in the classifications within the AFSCME bargaining unit; all persons entering service with the City prior to February 21, 1994 who are in classifications within the CWA (MBEBA) bargaining unit, and all persons entering service with the City prior to August 1, 1993 who are in classifications within the GSA bargaining unit or classified as "Other", who were members of the Classified Plan continuously from the date they entered service with the City until March 18, 2006, shall contribute to the Plan ten percent (10%) of their earnings



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

OCT 29 2010

City of Miami Beach
1700 Convention Center Drive
Miami Beach, FL 33139

Local contact address:
Internal Revenue Service
SE:T:EP:RA:VC:7554
9350 Flair Dr.
El Monte, CA 91731-2885

Re: Compliance Statement for: Miami Beach Employees' Retirement Plan
Control Number: 911682444
Employer Identification Number: 59-6000372 Plan No.:

Dear Applicant:

The enclosed documents were sent to your representative under the provisions of a power of attorney or other authorization currently on file with the Internal Revenue Service. This letter is for your information only.

If you have any questions, please contact Margaret Saito by phone at (626)312-3628, ext. 5088 or by fax at (626)312-5061.

Sincerely,

Margaret Saito
Voluntary Compliance Specialist Group 7554

Enclosure

RECEIVED
2010 NOV 4 AM 11:48
FINANCE DEPARTMENT

MODE = MEMORY TRANSMISSION

START=OCT-29 09:08

END=OCT-29 09:09

FILE NO.=118

STN COMM. ONE-TOUCH/ STATION NAME/TEL NO.
NO. ADDR NO.


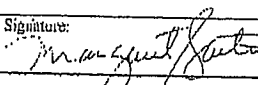
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-IRS

***** -EL MONTE TEGE - ***** 626 312 5061- *****

| | | | |
|--|------------------|--|---|
|  | | FACSIMILE TRANSMISSION | |
| | | Department of the Treasury - Internal Revenue Service Tax Exempt/ Government Entities Pacific Coast Area Office 9350 Flair Drive, 2nd Floor, El Monte, CA 91731-2885 | |
| Deliver to: | | From: | |
| Robert J. Friedman | | Margaret Saito | |
| Name of Recipient: | | Name of Sender: | |
| | | Margaret Saito | |
| Division/Branch/Section/Unit: | Office: | Division/Branch/Section/Unit: | Office: |
| | | | El Monte |
| Room Number (If any): | Stop Number: | Room Number (If any): | Stop Number: |
| N/A | | N/A | SE:TEP:RA:VC: 7554 |
| Phone Number: | Fax Number: | Phone Number: | Fax Number: |
| | | (626) 312-3628 | (626) 312-5061 |
| Subject: | | Page | |
| City of Miami Beach | | 1 of 1 | |
| Hard Copy: | | Please call me to confirm receipt of this fax? | |
| Will follow by mail <input type="checkbox"/> Will not follow by mail <input checked="" type="checkbox"/> | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> | |
| Date: | Response Date: | Response by: | Signature: |
| October 29, 2010 | November 1, 2010 | [x] Fax [x] Mail [] Phone |  |
| CONFIDENTIALITY NOTICE | | | |
| <p>This communication is intended for the sole use of the individual to whom it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this communication is NOT the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication may be strictly prohibited. If you have received this communication in error, please notify the sender immediately by telephone, and return the communication to the address above via the U.S. Postal Service. Thank you.</p> | | | |

In your letter dated October 19, 2010, an Appendix F was included. Schedule 2 of Appendix F identified GUST, USERA, Eligible Rollover, and Vesting as nonamender failures. "Vesting" was not previously identified as a failure. In your tax dated July 14, 2009, the Schedule 2 was revised to omit "GUST". Form 5300 indicates that the plan is effective in 2006. In addition, two signed compliance statements were included in your letter dated October 19, 2010. In my letter dated September 23, 2010, I indicated that the employer's signature would certify agreement with the terms of the compliance statement. The Service will issue the compliance statements. The Service does not intend to issue the Appendix F. However, clarification is needed prior to issuing the compliance statement. Why was Appendix F included in your October 19th letter?

The compliance statement will only address the specific failures identified in its terms.

Please confirm that the compliance statement accurately reflects the failures for its VCP submission.

Please verify that the EIN that appears on the compliance statement is correct. A different EIN appears on Appendix F.

Under Revenue Procedure 2009-55, government plans are granted an extended remedial amendment period to adopt any proposed amendments pursuant to its determination application. The employer identified interim amendments as nonamender failures. The Service is not requesting a determination letter application with respect to its VCP submission. Because a determination letter application is not required, the compliance statement is not conditioned on the issuance of a favorable determination letter.

2010-2011 Educational Seminars

F.P.P.T.A.

Trustees School
St. Augustine, FL

January 30- February 2, 2011

N.C.P.E.R.S.

Legislative Conference
Washington DC

January 30-February 1, 2011

Trustees Educational Seminar
Miami Beach, FL

May 21-22, 2011

Annual Conference & Exhibition
Miami Beach, FL

May 22-25, 2011

I.F.E.B.P.

56th US Annual Employee Benefits Conference
Honolulu, HI

November 14 - 17, 2010

Foundation For Trustees Part I & II
San Diego, CA

November 20, 2010

Trustees & Administration Institutes
Lake Buena Vista, FL

February 7-9, 2011

Sponsored participation for these conferences are limited to the MBERP Board of Trustees and Administration

**For more information or to register to these educational programs, please contact
Echo Chandler at 305-673-7437**

Current Employees in the MBERP DROP

as of 11/1/2010

| | |
|------------------------|------------------------|
| 1 Jones, Brinsfield | 26 Whitlock, Mary |
| 2 Kesser, Anna | 27 De Las Salas. Angel |
| 3 Martinez, Maria | 28 Mendez, Alfredo |
| 4 Thomas, Baby | 29 Bonde, Kent |
| 5 Benavides, Carlos | 30 Farias, Pedro |
| 6 Marcial, Fernando | 31 Gomez, Jorge |
| 7 Wood, Sam | 32 Toledo, John |
| 8 Crooks, Michael | 33 Schwab, Linda |
| 9 Drayson, Robin | 34 Lamprou, Antanacios |
| 10 Perez, Julian | 35 Lamazares, Mercedes |
| 11 Jones, Lavulla | 36 Laboy, Jose |
| 12 Leonard, Clifton | 37 Mayórga, Cesar |
| 13 Fisher, Joseph | 38 Suarez, Roberto |
| 14 Hanson, Valerie | 39 Azzinaro, William |
| 15 Theogene, Mercilien | 40 Recojo, Jorge |
| 16 Terpak, Andrew | 41 Rivero, Maria |
| 17 Harrington, Cindy | 42 Lamons, Lee |
| 18 Paredes, Gustavo | 43 Stevens, Victoria |
| 19 Salazar, Luisa | 44 Francisco, Luis |
| 20 Ortiz, Luis | 45 Dennis, Freddie |
| 21 Bucacci, Antonia | 46 Liburd, Dennis |
| 22 Nelson Z. Hobbs Jr. | 47 Gibson, Elizabeth |
| 23 Saballos, Sharon | 48 McKinnon, Richard |
| 24 Rovirosa, Mercedes | 49 Graham, Edward |
| 25 Garcia, Mercedes | |

Members exiting DROP on 11/1/2010 - Bertha Fortunato

Members entering the Drop 10/1/2010 - Kevin Smith, S.L. Moore